



01/08/2013

**PRESS
RELEASE**

Consolidated results as of 30 June 2013¹

Net profit exceeds € 1 bln (+28.4%), best half-year result in 5 years

Operating result at € 2.4 bln (+5.3%), driven by P&C growth. Solid Life result despite difficult financial context.

Total premiums at € 34.8 bln (+1.7%) with positive trend in both segments, strong contribution of innovative products

Life: Net inflows at € 4.9 bln (€ -378 mln 1H12) due to product and distribution quality

- Premiums up to € 23.1 bln (+2.2%). High New Business Margin at 20.6% (19.2% FY12).
- Solid operating result at € 1.5 bln (-7%) in a low reinvestment rate environment

P&C: Operating result € 909 mln (+24.8%) supported by excellent technical profitability

- Strong improvement in Combined Ratio to 94.7% (97.1% 1H12) due to prudent underwriting policy and more efficient claims management
- Positive premium trend (+0.8%) following healthy performance in Motor

Financial segment: Operating result at € 272 mln (+28.6%) with positive contribution from Banca Generali and Bsi

- Third-party AUM has increased to € 98.5 bln (+2.2%)

Solvency I at 139% (130% 1H12). As of mid-July, Solvency I at 142% excluding the 5 p.p. contribution from sale of Mexican minorities and US assets.

Group's debt reduced by € 500 mln over the first semester to € 12.7 bln

The **Generali Group CEO, Mario Greco**, said: *"We have made a strong start to 2013, recording our best half year performance for 5 years. We have taken significant strides in strengthening our capital position and improving our operational and financial performance. The process of restructuring and simplifying our businesses in Central-Eastern Europe, Italy and Germany is progressing well. Generali is more focused and profitable than it was a year ago and we are well on track to achieve the targets we have set ourselves. The Group expects to report a higher full year operating result compared to 2012".*

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1. Change in premiums, net inflows and APE is calculated on a like-for-like basis (on equivalent exchange rates and consolidation area). Changes in operating results, own investments exclude mexican companies and US life reinsurance business from the comparative period. Figures related to Gross written premiums and Operating result at 30.6.2013 have been recalculated compared to the disclosed figures excluding Mexican companies and of US life reinsurance business from the comparative period.

Milan – At a meeting chaired by Gabriele Galateri di Genola, the Board of Directors of Assicurazioni Generali approved the consolidated financial statements as at 30 June 2013.

The Generali Group in the first six months has registered its best half-year result for the last five years. **Net profit** was in excess of € 1 billion (+28.4% to € 1,081 mln; € 842 mln 1H12), while the **operating result** stood at € 2,378 million (+5.3%; € 2,257 mln) sustained by the excellent premium income in Life and P&C and higher business margins.

The operating result was driven in particular by the performance of the **P&C** operating result to € 909 million (+24.8%; € 728 mln) reflecting its excellent technical margins. The Combined Ratio recorded a 2.4 percentage point improvement to 94.7%, benefitting from prudent underwriting policy, efficiency measures in claims management and favourable frequency trends in some markets. In the **Life** segment, a better business mix and higher technical margins resulted in a solid operating result at € 1,481 million (-7%; € 1,591 mln) despite an adverse financial climate still affected by low reinvestment rates.

The launch of new business initiatives and the strength of the Group's distribution networks supported production growth. Total premiums reached € 34.8 billion (+1.7%; € 34.6 bln). The **P&C** segment saw the confirmation of the positive trend in premium income at € 11.7 billion (+0.8%; € 12.1 bln) especially due to Germany (+4.2%).

In the **Life** segment, premiums rose to € 23.1 billion (+2.2%; € 22.5 bln). The production growth, together with lower outflows from maturities and surrenders especially in Italy and France, contributed to the significant rise in the net inflows to € 4.9 billion (€ -378 mln).

Life new business, with APE at € 2.3 billion (+1.3%; € 2,280 mln), registered high profitability with the New Business Margin rising to 20.6% (19.2% FY12), reflecting the better business mix oriented towards protection covers and unit-linked products and the initiatives taken on guarantees.

The Group's **capital position** remains sound. The Solvency I ratio was 139% as of June 30 (130% 1H12; 145% 1/1/13). The ratio is at 142% as of mid-July, not including the 5 percentage point positive impact deriving from the disposal of the Mexican minorities and the US assets. Shareholders' equity was € 18.4 billion (€ 17,4 mld 1H12; € 19 mld 1/1/13) as of June 30. The more forward-looking Economic Solvency Ratio rose from 159% at year-end 2012 to 167% at the end of June.

Over the first 6 months of the year the Group has **reduced its outstanding financial debt by € 500 million**, allowing it to reach € 12.7 billion as of June 30 (€ 13.2 bln FY12) in line with the 2015 target of debt reduction.

The Group's aggregate **Assets under Management**, including third-party assets, reached € 491.3 billion in the first half, stable relative to the end of 2012.

OUTLOOK

In light of the measures taken, despite a macroeconomic scenario that remains uncertain, in line with its strategic objectives the Group expects an improvement in its overall operating result in

2013, while continuing with both the capital strengthening process and the implementation of the strategic initiatives announced in January.

LIFE SEGMENT

In the Life segment, there was a healthy trend in annual premiums (+2.6%) and a recovery in single premium contracts (+1.6%). The premium growth was driven in particular by linked contracts (+8.3%) and assisted by the performance of protection covers (+3%) and savings products (+0.2%).

Looking at the individual markets, production growth was reported in Germany (+24.4%), while in Italy (+5.1%) new products have been launched and the performance of the traditional channel was excellent, contributing to the growth of individual policy premiums (+10.7%). The downturn in the French market was largely due to the decrease in savings products (-43.1%) compared with the first half of 2012, when action was taken to protect the portfolio.

New business in terms of APE, supported by the performance in Italy (+8.9%) and Germany (+37.2%), registered an increase in annual premiums (+0.6%) and single premiums (+2.2%). New business value amounted to € 473 million (-1.3%).

Growth in Life net inflows contributed to the improvement in the net technical reserves to € 318.2 billion (+2.5%).

Life segment						
€ mln	Gross premiums		APE		New Business Margin	
	30/06/2013	Δ	30/06/2013	Δ	30/06/2013	Δ 1H13-FY12
Italy	6,381	+5.1%	860	+8.9%	17.3%	+0.1 p.p.
France	4,090	-27.9%	409	-29.6%	14.3%	+1.6 p.p.
Germany	8,120	+24.4%	549	+37.2%	23.4%	+3.1 p.p.
CEE	790	-2.6%	84	-17.5%	45.7%	+14.3 p.p.
Rest of Europe	3,026	+1.9%	315	-1.7%	24.6%	+3.9 p.p.
Rest of world	714	+24.3%	86	+8.4%	25.7%	-18.3 p.p.
Total	23,121	+2.2%	2,303	+1.3%	20.6%	+1.4 p.p.

P&C SEGMENT

The P&C segment reported growth in both the Motor (+0.8%) and Non-Motor (+0.1%) businesses. Looking at the individual markets, good performance was achieved in Germany (+4.2%), Austria (+2.5%) and Switzerland (+1.7%). Premiums declined in Italy (-3.9%) and France (-4.2%) due to the downturn in the Motor market (-9% and -5.9% respectively).

The segment's high technical margins were confirmed, with the **Combined Ratio** improving to 94.7% (-2.4 p.p.), due to the reduction in the current loss ratio and the containment of costs. Specifically, the loss ratio was down 2.2 percentage points to 67.3%, while the expense ratio improved by 0.3 percentage points to 27.4%. Natural catastrophes impacted the Combined Ratio by 2.1 percentage points (2.4 p.p. 1H12) including 1.1 percentage points relating to the floods in Germany and Central Eastern Europe.

At country level, Italy reported a significant improvement to 90.8% (-8.9 p.p.), as a result of the lower NatCat impact and the improved current loss ratio of the Motor and Non-Motor businesses benefitting from an underwriting policy that focused on profitability. The CoR in Central Eastern Europe countries remained excellent despite the 3.1 percentage point impact of the June floods. The CoR in Germany, also affected by the June floods, was stable.

P&C segment				
€ mln	Gross premiums		Combined Ratio	
	30/06/2013	Δ	30/06/2013	Δ
Italy	3,441	-3.9%	90.8%	-8.9 p.p.
France	1,947	-4.2%	97.0%	-1.4 p.p.
Germany	2,070	+4.2%	96.0%	+0.2 p.p.
CEE	1,001	-1.3%	90.6%	+3.1 p.p.
Rest of Europe	2,600	+1.2%	95.8%	-0.4 p.p.
Rest of world	656	+41.4%	106.2%	+9.3 p.p.
Total	11,715	+0.8%	94.7%	-2.4 p.p.

FINANCIAL SEGMENT

There was a significant improvement in Group asset management in the first half of the year, due to the positive contribution from Banca Generali and Bsi. Third-party assets under management increased by 2.2% to € 98.5 billion.

Sustained by higher commission income and larger realised gains on equities, the operating result improved by almost 30% to € 272 million, driving a 3.2 p.p. improvement in the cost income ratio, from 67.4% to 64.2%.

THE GENERALI GROUP

The Generali Group is one of Europe's largest insurance providers and the biggest European Life insurer, with 2012 total premium income of € 70 billion.

With 80,000 employees worldwide and 65 million clients in more than 60 countries, the Group occupies a leadership position on West European markets and an increasingly important place on markets in Central Eastern Europe and Asia.

NOTE FOR EDITORS

The following documents are available on www.generali.com: pre-recorded video webcast with transcription, presentation for analysts, half-year report.

The Analyst Call will be held at 12 noon (CET), with the Group CEO, Mario Greco, and the CFO, Alberto Minali.

Journalists can follow the event via webcast on www.generali.com or by calling +39 06 87500874 (listen only).

The Generali corporate app offers the latest package of institutional information optimised for mobile devices. The app can be downloaded free from the Apple and Android stores.

The Manager in charge of preparing the company's financial reports, Alberto Minali, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance, that the accounting information in this press release corresponds to the document results, books and accounting entries.

Annual Premium Equivalent (APE) = the sum of the initial premium on new annual-premium policies, plus one-tenth of premiums on new single-premium policies. This is the premium basis used to compute Life new business value.

Combined Ratio = loss ratio plus expense ratio: acquisition expenses + general expenses) divided by retained premiums.

New Business Value = expected present value, on issue, of future profits arising from new Life business in the period, net of the cost of capital.

New Business Margin = new production divided by APE.

Operating Result was obtained by reclassifying the components making up the pre-tax profit for the year in each line of business on the basis of the specific characteristics of each segment, and taking account of the recurring expenses of the holding.

In particular, all profit and loss items were considered, with the exception of net non-operating costs: results of discontinued operations, corporate restructuring costs, amortisation of portfolios acquired directly or through acquisition of control of insurance companies or companies in the financial sector (value of business acquired or VOBA) and other net non-recurring costs. The following are also considered as non-operating items: in the **Life segment**, realised gains and losses and net impairment losses on investments on which the policyholder's profit sharing is not based on; in the **Non-Life segment**, all realised gains and losses and net impairment losses, including gains and losses of foreign currency; in the **Financial segment**, realised gains and losses and net impairment losses on strategic equity investments and investments. The total operating result does not include non-operating holding costs such as interest expense on borrowings and costs arising from implementation of parent company stock option plans and stock grants.

The interim financial report for the six months to 30 June 2013 is available in the section Investor Relations of www.generali.com

Attachments: Balance sheet and Income Statement

BALANCE SHEET - ASSETS

(€ million)	30/06/2013	31/12/2012
1 INTANGIBLE ASSETS	9,694	9,902
1.1 Goodwill	7,188	7,222
1.2 Other intangible assets	2,507	2,681
2 TANGIBLE ASSETS	5,071	5,018
2.1 Land and buildings (self used)	2,929	3,002
2.2 Other tangible assets	2,142	2,016
3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	5,324	5,624
4 INVESTMENTS	375,898	374,074
4.1 Land and buildings (investment properties)	12,740	12,899
4.2 Investments in subsidiaries, associated companies and joint ventures	1,719	1,692
4.3 Held to maturity investments	4,155	7,538
4.4 Loans and receivables	65,534	71,063
4.5 Available for sale financial assets	220,745	212,546
4.6 Financial assets at fair value through profit or loss	71,004	68,337
of which financial assets where the investment risk is borne by the policyholders and related to pension funds	56,469	53,842
5 RECEIVABLES	12,343	11,143
5.1 Receivables arising out of direct insurance operations	9,005	8,230
5.2 Receivables arising out of reinsurance operations	852	976
5.3 Other receivables	2,486	1,938
6 OTHER ASSETS	20,366	14,603
6.1 Non-current assets or disposal groups classified as held for sale	5,287	15
6.2 Deferred acquisition costs	1,955	2,323
6.3 Deferred tax assets	2,679	2,624
6.4 Tax receivables	2,924	2,686
6.5 Other assets	7,521	6,956
7 CASH AND CASH EQUIVALENTS	18,492	21,647
TOTAL ASSETS	447,188	442,011

BALANCE SHEET – SHAREHOLDERS' EQUITY AND LIABILITIES

(€ million)	30/06/2013	31/12/2012
1 SHAREHOLDERS' EQUITY	20,303	21,726
1.1 Shareholders' equity attributable to the Group	18,433	19,013
1.1.1 Share capital	1,557	1,557
1.1.2 Other equity instruments	0	0
1.1.3 Capital reserves	7,098	7,098
1.1.4 Revenue reserves and other reserves	7,697	8,591
1.1.5 (Own shares)	-408	-403
1.1.6 Reserve for currency translation differences	465	589
1.1.7 Reserve for unrealized gains and losses on available for sale financial assets	1,938	2,591
1.1.8 Reserve for other unrealized gains and losses through equity	-995	-1,103
1.1.9 Result of the period	1,081	94
1.2 Shareholders' equity attributable to minority interests	1,869	2,713
1.2.1 Share capital and reserves	1,712	2,308
1.2.2 Reserve for unrealized gains and losses through equity	22	128
1.2.3 Result of the period	135	278
2 OTHER PROVISIONS	1,501	1,471
3 INSURANCE PROVISIONS	338,043	336,369
of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	43,102	41,068
4 FINANCIAL LIABILITIES	62,708	63,907
4.1 Financial liabilities at fair value through profit or loss	15,140	14,525
of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	13,307	12,602
4.2 Other financial liabilities	47,568	49,382
of which subordinated liabilities	7,539	7,833
5 PAYABLES	8,671	8,033
5.1 Payables arising out of direct insurance operations	3,391	3,314
5.2 Payables arising out of reinsurance operations	699	646
5.3 Other payables	4,581	4,073
6 OTHER LIABILITIES	15,963	10,504
6.1 Liabilities directly associated with non-current assets and disposal groups classified as held for sale	4,931	0
6.2 Deferred tax liabilities	2,590	2,996
6.3 Tax payables	1,470	1,639
6.4 Other liabilities	6,973	5,869
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	447,188	442,011

INCOME STATEMENT

(€ million)	30/06/2013	30/06/2012
1.1 Net earned premiums	31,163	31,650
1.1.1 Gross earned premiums	32,100	33,032
1.1.2 Earned premiums ceded	-937	-1,382
1.2 Fee and commission income and income from financial service activities	685	645
1.3 Net income from financial instruments at fair value through profit or loss of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	1,748	1,670
1.4 Income from subsidiaries, associated companies and joint ventures	86	40
1.5 Income from other financial instruments and land and buildings (investment properties)	7,653	8,769
1.5.1 Interest income	4,944	5,147
1.5.2 Other income	1,072	1,064
1.5.3 Realized gains	1,524	2,465
1.5.4 Unrealized gains and reversal of impairment losses	113	94
1.6 Other income	1,128	1,039
1 TOTAL INCOME	42,463	43,815
2.1 Net insurance benefits and claims	-31,338	-30,995
2.1.1 Claims paid and change in insurance provisions	-31,993	-31,910
2.1.2 Reinsurers' share	655	915
2.2 Fee and commission expenses and expenses from financial service activities	-275	-250
2.3 Expenses from subsidiaries, associated companies and joint ventures	-15	-4
2.4 Expenses from other financial instruments and land and buildings (investment properties)	-1,717	-3,699
2.4.1 Interest expense	-732	-662
2.4.2 Other expenses	-209	-202
2.4.3 Realized losses	-245	-2,064
2.4.4 Unrealized losses and impairment losses	-531	-771
2.5 Acquisition and administration costs	-5,649	-5,853
2.5.1 Commissions and other acquisition costs	-4,053	-4,215
2.5.2 Investment management expenses	-43	-51
2.5.3 Other administration costs	-1,553	-1,588
2.6 Other expenses	-1,722	-1,478
2 TOTAL EXPENSES	-40,715	-42,279
EARNINGS BEFORE TAXES	1,748	1,535
3 Income taxes	-580	-550
EARNINGS AFTER TAXES	1,168	985
4 RESULT OF DISCONTINUED OPERATIONS	47	27
CONSOLIDATED RESULT OF THE PERIOD	1,215	1,012
Result of the period attributable to the Group	1,081	842
Result of the period attributable to minority interests	135	171
EARNINGS PER SHARE:		
Earnings per share (in €)	0.70	0.55
from continuing operation	0.68	0.53
Diluted earnings per share (in €)	0.70	0.55
from continuing operation	0.68	0.53